

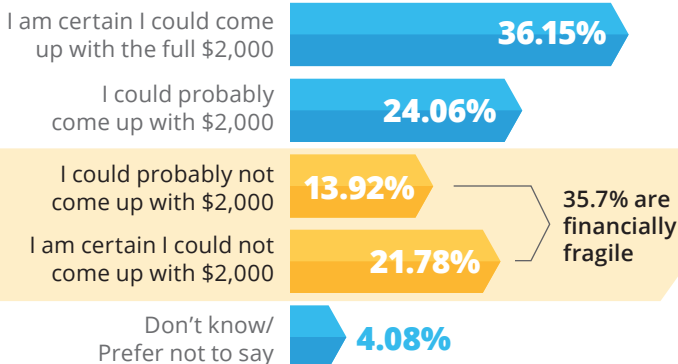
## EVIDENCE AND IMPLICATIONS

*Financial fragility is the inability to cope with emergency expenses, such as a car or house repair, a medical bill, or a small legal expense, in a short time period.*

### OUR MEASURE OF FINANCIAL FRAGILITY

*How confident are you that you could come up with \$2,000 if an unexpected need arose within the next month?*

Percentage of Working-Age Americans  
(25- to 60-year-olds)



Source: 2015 NFCS

**50%**  
2009

In the aftermath of the 2007-09 financial crisis, nearly 50% of Americans of working age were considered financially fragile.

**36%**  
2015

In 2015, despite a recovering economy, almost 36% of working-age Americans were considered financially fragile.

This question, posed to the respondents of the 2015 National Financial Capability Study (NFCS), evaluates how individuals assess their own capacity to cope with a mid-size financial emergency over a 30-day timeframe.

**While financial fragility is most prevalent among those with low income or low education, the data show that a broad cross-section of the American population is financially fragile:**



Nearly 30% of middle-income households are financially fragile



Almost 40% of those without a college degree are financially fragile, compared to only 23% of those who have at least a bachelor's degree



42% of working-age women are financially fragile, compared to 29% of men



A similar fraction of individuals across all ages are financially fragile

## THE UNDERLYING FACTORS

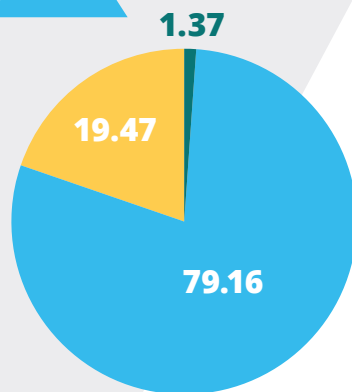
Data from the 2015 NFCS, the 2015 Survey of Household Economics and Decisionmaking (SHED), and observations from focus groups show that financial fragility can be attributed to three factors:

- ✦ Lack of assets
- ✦ High indebtedness
- ✦ Lack of financial literacy

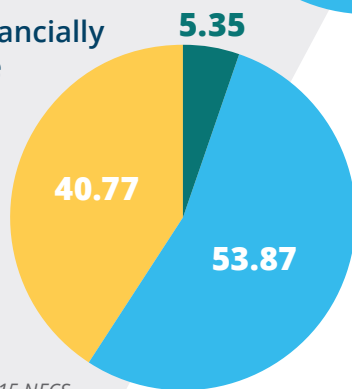
### FINANCIAL LITERACY

Financially literate

- Not financially fragile
- Financially fragile
- Don't know/  
Refuse to answer

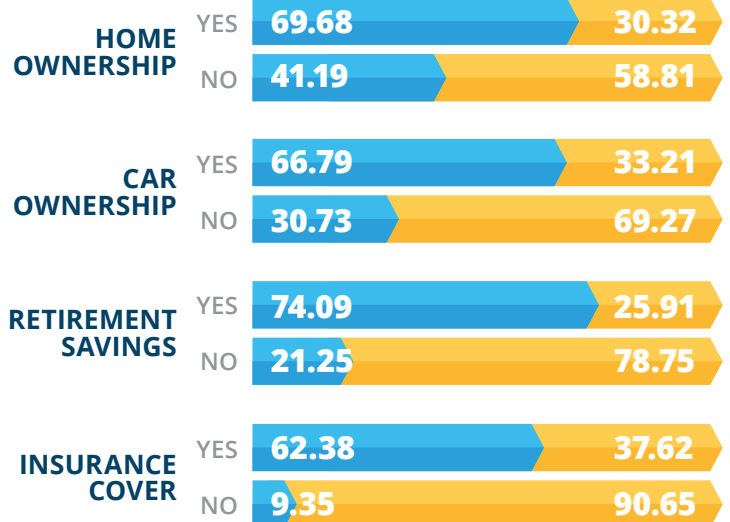


Not financially literate



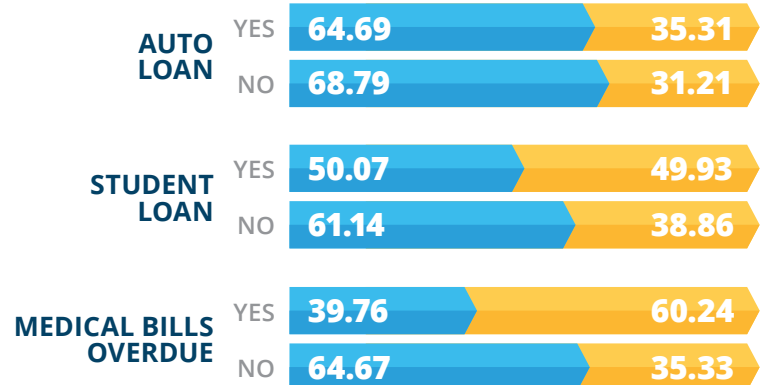
Source: 2015 NFCS

### ASSETS



■ Not fragile ■ Fragile

### INDEBTEDNESS



Source: 2015 SHED

Financial fragility goes beyond assessing lack of precautionary savings. It is a multifaceted measure of high debt, low asset levels, and low financial literacy.

## THE LONG-TERM CONSEQUENCES

The data show that individuals who are financially fragile not only suffer from short-term financial setbacks in the face of an emergency, but may also be more financially vulnerable in the long term.

Financially fragile people are less likely to think about how much to save for their retirement. Moreover, the focus group discussions show that among the financially fragile respondents who do plan for their retirement, many have withdrawn or taken loans from their retirement accounts.

Thus, financial fragility can have severe short and long-term implications for households' financial resilience.